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C O N F I D E N T I A L SECTION 01 OF 03 DAMASCUS 003487

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SUBJECT: SARG SHEDS CROCODILE TEARS, AS IT ASSESSES COSTS
AND BENEFITS

Classified By: Charge d'Affaires Stephen A. Seche, per 1.4 b,d.

¶1. (C) Summary: The current conflict in Lebanon puts in play significant Syrian interests, with the potential for either windfall political profits or enormous costs. Political analysts here believe at a minimum that the SARG will benefit from the fatal weakening of Lebanese PM Fouad Siniora and the March 14 group. The conflict could also end Syria's political isolation, opening the way for the reassertion of dominant Syrian influence in Lebanon, if Hizballah survives. Analysts are divided about whether the SARG was surprised by the Hizballah hostage-taking operation and the rapid military escalation that ensued. While the Europeans, the UN, and others are likely to come courting Damascus with fevered intensity in the coming days, we assess that the Syrian regime is likely to sit on the sidelines for now, watching Lebanon burn as it sheds crocodile tears. End Summary.

¶2. (C) THE POTENTIAL BENEFITS: JETTISONING 1559 . . . : Syrian political analysts here believe that the SARG could benefit tremendously from the current conflict in Lebanon or it could end up paying enormous political costs, including Bashar al-Asad's fall from power, depending on how the hostilities are brought to a close. These analysts assert if Hizballah survives the current Israeli onslaught, Syria's position in Lebanon will be strengthened. According to Dr. Imad Shueibi, who is considered very close to the regime and has good contacts with the security services, the Hizballah gambit "overturns the table," and changes the rules of the game in Lebanon. It will prevent any further implementation of UNSCR 1559, any disarmament of Hizballah, and any de facto peace with Israel being imposed on Lebanon. It could also diminish the importance currently given to the UNIIIC investigation.

¶3. (C) DESTROYING SINIORA AND ENDING SYRIA'S ISOLATION: Shueibi, Dr. Samir al-Taki, who is close to FM Walid Mu'allim, and fellow analyst Sami Moubayed, all predicted that the crisis will end the government of Fouad Siniora and destroy any remaining effectiveness of the March 14 group. The conflict will also end the American government's policy of isolating and sanctioning Syria, since Damascus is likely to become the address for envoys, diplomats and others seeking to mediate an end to the conflict, insisted Shueibi. In his view, the U.S. needs to approach Syria directly to work together to end the conflict. Moubayed pointed to the call that Asad took from Italy's PM Romano Prodi, the first such call from a European head of state in 18 months, as an indicator of how this end of isolation would play out.

¶4. (C) UNDERMINING ISRAEL'S STRATEGIC POSITIONS: Al-Taki told PolChief that the Hizballah operation and aftermath also undermines Israel's current convergence plan for unilateral withdrawal from the occupied territories without any peace agreement. In his view, the Hizballah shelling (as well as the repeated Qassam rocket shelling from Gaza) has made it highly unlikely that Israeli PM Olmert will be able to implement the plan for the West Bank or persuade Israelis it is safe. The analysts also noted separately that the Hizballah-Israeli fighting undercuts Israel's strategy of deterrence, since Israel is being shown as vulnerable to ongoing missile attacks.

¶5. (C) RETURNING SITUATION TO "ARABS VERSUS ISRAEL: Syria can also use the current conflict to return the regional situation to the familiar lines of the Arab-Israeli conflict, "a black and white terrain" where the Syrian regime feels more comfortable and at an advantage, assessed al-Taki. (Note: In addition to expressing anger over the destruction Israel has wreaked on Lebanon, said al-Taki, Syrians are also quietly expressing relief that the regional situation has returned to the familiar "we Arabs against the Israelis," and away from various iterations of inter-Arab conflict, such as Sunni-Shia strife in Iraq.)

¶6. (C) AND TAKING ADVANTAGE INTERNALLY: On the internal scene, the Syrian regime will also benefit from the conflict provoked by Hizballah, according to al-Taki and dissident lawyer Habib Issa. Al-Taki noted that despite the regime's repressive moves and show of force domestically over the past few months, it remained concerned about unfavorable trends, both inside and outside Syria, for example those related to civil society and the opposition. He mentioned as an example

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the "letter/declaration" that Sunni sheikhs had sent to Asad few weeks ago, protesting in very strong terms SARG education policies (see septel). Al-Taki described it as the first significant protest against the regime by the Sunni religious establishment in decades, a move that alarmed Asad and his inner circle. Issa predicted that the regime would exploit the current crisis in Lebanon to increase repression in Syria, attack the opposition, and delegitimize any calls for multi-party democracy and ending the state of emergency. (Comment: Issa recently withdrew a lead attorney defending activist Kamal Labwani, citing SARG interference with his attempts to mount a defense. See septel.)

¶7. (C) BUT NO GUARANTEED BENEFITS: While concurring with the list of potential regime benefits, al-Taki and Moubayed noted that everything depends on how the current conflict with Israel ends. Moubayed in particular cautioned that Hizballah military capabilities are overrated and that the Arab street had a bad habit of forgetting the power that the IDF could bring to bear. In the view of these analysts, if Israel succeeds in destroying Hizballah, none of these benefits will accrue to Damascus. Instead, Syria will confront its worst nightmares in Lebanon, with a disarmed proxy, the completed implementation of UNSCR 1559, and the definitive end of its influence in Lebanon. In addition, conflict in Lebanon, if it ends badly, with an Israeli rout of Hizballah, could put the Asad regime in jeopardy. The regime would likely be blamed, whether justified or not, for supporting reckless adventurism by Hizballah that had led to untold destruction and humiliating defeat. Even if the Asad regime survived the defeat of its Lebanese ally and proxy, it would likely face increased diplomatic isolation and bleak prospects for long-term political survival. However, all three analysts expressed doubts about Israel's ability, in the current circumstances, to inflict such a defeat on Hizballah.

¶8. (C) WERE THE SYRIANS SURPRISED BY THE HIZBALLAH GAMBIT?: There is disagreement among these analysts about whether the Hizballah coordinated its moves in advance with elements in

the Syrian regime. Moubayed discounted the possibility, pointing to Hizballah's relative strength and independence from Syria. (Note: Moubayed did not rule out that Hizballah "cooked this up" with Iran, however.) He also noted the regime's sustained silence in the days just after the conflict erupted, maintaining that it indicated surprise, uncertainty and fear about being dragged into the conflict. Moubayed pointed out that Syria was not facing serious internal or external threats that would justify taking such enormous risks. In his view, the Syrians may have expected a hostage-taking operation at some point, but were not aware of the timing and, like Hizballah, were surprised by the overwhelming Israeli response. He termed the Hizballah assessment that Israel would react with relative restraint to the hostage-taking, as it had to a similar incident during the second Intifada, as well as the group's decision to up the ante by shelling Israel, as serious Hizballah miscalculations.

¶9. (C) OR WERE THINGS COORDINATED IN ADVANCE?: Both al-Taki and Shueibi took the opposite view. They told Polchief that in their view the Syrian regime, or at least a close inner circle including the President, was not taken by surprise at the Hizballah hostage-taking operation or the militia's escalating military response to expected Israeli retaliation.

In the view of al-Taki, a closed circle of people around the President, which likely included senior security official and VP advisor Mohammed Nassif Khairbek, head of Syrian Military Intelligence Asif Shawkat, and VP Farouk a-Shara'a, coordinated with Hizballah in advance and were well aware of the consequences. Using an Arab proverb, al-Taki described the gambit as "taking them (the Israelis) to lunch before they take us to dinner." The plan was also likely coordinated with the Iranians, in al-Taki's view. This closed Syrian circle did not include the MFA or the PM's office, where there are already indications of disquiet with how the crisis has developed, al-Taki added.

¶10. (C) AND THERE IS NO SURPRISE OR MISCALCULATION: Shueibi also indicated that the Syrian regime was not surprised, either by the initial operation or the aftermath, noting that Hizballah leader Sheikh Nasrallah and Asad meet regularly to "coordinate their actions." Shueibi told Polchief that he himself knew five months ago that Hizballah was planning such

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a hostage-taking operation, having been told so by Hizballah officials. He described the initial Hizballah action as "a trap" set for the Israelis and noted that "Israel has stepped into it." When asked if Syria and Iran had helped "set this trap," Shueibi did not deny it directly but merely laughed and noted "God helped them." Shueibi also insisted that the aggressive Hizballah response did not come as a surprise or as the result of any Hizballah miscalculation that has left the SARG feeling uncomfortable. Shueibi called Israel's actions so far "predictable" and something Hizballah welcomed, since the group stood to benefit significantly if it prevailed. For Shueibi, Hizballah, Iran, and Syria are clear "winners" so far. He expressed doubt that Israel would try to drag Syria into the conflict, although it might strike a symbolic blow to "send a message."

¶11. (C) POSSIBLE SARG INFLUENCE OVER EVENTS: Regarding possible Syrian influence over events, the analysts expressed ambivalence. They noted that Syria would likely be pleased to find itself at the center of any diplomatic effort to resolve the current crisis. Shueibi predicted that Syria "would be a winner" regardless of how the situation played out, since it would emerge a key player in resolving the crisis. Al-Taki expressed doubt that the SARG would take any immediate action to prevent the conflict from continuing, noting that for Syria to obtain its benefits (he described them as "objectives"), the conflict needed to continue for at least a few months. Al-Shueibi dismissed out of hand any notion that Syria would ask Hizballah to return the two hostages, unless Israel agreed "to pay a price." Moubayed

expressed skepticism that the SARG had much ability to influence events, although he agreed that Syria would enjoy the diplomatic attention likely to come its way in the coming weeks.

¶12. (C) COMMENT: It remains unclear to us how much advance coordination, if any, took place between Syria and Hizballah, and by extension, Iran. The enormous risks at stake and the somewhat dazed Syrian reaction to events -- both public and private -- would support the view that the Syrians were surprised by the hostage-taking operation and the rapid military escalation that ensued on both sides. On the other hand, there are also indications that the regime is not overly alarmed yet, that it is well aware of the political benefits that will accrue to it in Lebanon, and beyond, if Hizballah survives a fight that it deliberately provoked with Israel. It should also be noted that there have been indications for months Syria was looking to destabilize Lebanon in ways that could not be laid at its doorstep. A military confrontation with Israel in Lebanon, provoked by Hizballah, represents one of the best scenarios for destroying any semblance of a Lebanon independent of Syrian influence. Given the limited window we have into the regime at present, neither scenario can be completely discounted. Internal developments and SARG statements and diplomatic moves in the coming days may shed more light on the degree to which the SARG has been caught unawares by the current crisis. While the Europeans, the UN, and others are likely to be courting Damascus with fevered intensity in the coming days, we assess that the Syrian regime is likely to sit on the sidelines for now, watching Lebanon burn as it sheds crocodile tears.

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